

Message Text

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ACTION DLOS-09

INFO OCT-01 IO-14 ISO-00 ACDA-12 AGRE-00 AID-05 CEA-01

CEQ-01 CG-00 CIAE-00 COME-00 DODE-00 DOTE-00

EB-08 EPA-04 SOE-02 DOE-15 FMC-02 TRSE-00 H-02

INR-10 INT-05 JUSE-00 L-03 NSAE-00 NSC-05 NSF-02

OES-07 OMB-01 PA-02 PM-05 SP-02 SS-15 ICA-20

OIC-02 AF-10 ARA-14 EA-12 EUR-12 NEA-11 /214 W

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R 091451Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 9392

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E.O. 11652: N/A

TAGS: PLOS

SUBJECT: LOS CONFERENCE - FINANCIAL ARRANGEMENTS OF
THE ENTERPRISE

1. THE FOLLOWING ARE NG-2 CHAIRMAN KOH'S PROPOSALS SOR
THE FINANCIAL ARRANGEMENTS OF THE ENTERPRISE.

2. BEGIN TEXT:

NG 2/5

MAY 4 1978

ORIGINAL: ENGLISH

-- FINANCIAL ARRANGEMENTS OF THE ENTERPRISE

-- THE CHAIRMAN'S SUGGESTED COMPROMISE PROPOSALS

-- ARTICLE 158 (2)(VII)

-- (REDRAFT)

ADOPTION, UPON THE RECOMMENDATION OF THE COUNCIL,

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OF THE FINANCIAL REGULATIONS OF THE AUTHORITY, INCLUDING
RULES ON BORROWING AND THE TRANSFER OF FUNDS FROM THE
AUTHORITY TO THE ENTERPRISE, AND, UPON THE RECOMMENDATION
OF THE GOVERNING BOARD OF THE ENTERPRISE, THE RULES,
REGULATIONS AND PROCEDURES FOR THE TRANSFER OF FUNDS
FROM THE ENTERPRISE TO THE AUTHORITY.

-- ARTICLE 160 (2)(XV BIS)
-- (REDRAFT)

RECOMMEND TO THE ASSEMBLY THE FINANCIAL REGULATIONS
OF THE AUTHORITY INCLUDING RULES ON BORROWING AND THE
TRANSFER OF FUNDS FROM THE AUTHORITY TO THE ENTERPRISE.

-- ANNEX III

PARAGRAPH 9 (REDRAFT)

(A) THE ASSEMBLY SHALL, ON THE RECOMMENDATION OF THE
GOVERNING BOARD, DETERMINE WHAT PORTION OF THE NET INCOME
OF THE ENTERPRISE SHALL BE RETAINED AS ITS RESERVES.
THE REMAINDER SHALL BE TRANSFERRED QUARTERLY TO THE
AUTHORITY.

(B) DURING AN INITIAL PERIOD, REQUIRED FOR THE ENTER-
PRISE TO BECOME SELF-SUPPORTING, THE ASSEMBLY SHALL
LEAVE ALL OF THE NET INCOME OF THE ENTERPRISE IN ITS
RESERVES.

PARAGRAPH 10 (REDRAFT)

THE FUNDS OF THE ENTERPRISE SHALL INCLUDE:

(A) AMOUNTS RECEIVED FROM THE AUTHORITY IN ACCORDANCE
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WITH SUBPARAGRAPH (B) OF PARAGRAPH 2 OF ARTICLE 172;

(B) VOLUNTARY CONTRIBUTIONS MADE BY STATES PARTIES FOR
THE PURPOSE OF FINANCING ACTIVITIES OF THE ENTERPRISE;

(C) AMOUNTS BORROWED BY THE ENTERPRISE IN ACCORDANCE
WITH THE PROVISIONS OF PARAGRAPH 10 (BIS) BELOW;

(D) AMOUNTS RECEIVED THROUGH THE PARTICIPATION IN
CONTRACTUAL RELATIONSHIPS WITH OTHER ENTITIES FOR THE
CONDUCT OF ACTIVITIES IN THE AREA, INCLUDING JOINT
ARRANGEMENTS;

(E) RESERVES OF THE ENTERPRISE IN ACCORDANCE WITH
PARAGRAPH 9; AND

(F) OTHER FUNDS MADE AVAILABLE TO THE ENTERPRISE TO
ENABLE IT TO CARRY OUT ITS FUNCTIONS AND TO COMMENCE
OPERATIONS AS SOON AS POSSIBLE.

PARAGRAPH 10 (BIS)

(A) THE ENTERPRISE SHALL HAVE THE POWER TO BORROW FUNDS AND TO FURNISH SUCH COLLATERAL OR OTHER SECURITY AS IT MAY DETERMINE. BEFORE MAKING A PUBLIC SALE OF ITS OBLIGATIONS IN THE MARKETS OR CURRENCY OF A STATE PARTY, THE ENTERPRISE SHALL FIRST OBTAIN THE APPROVAL OF THAT STATE PARTY. THE TOTAL AMOUNT AND SOURCES OF BORROWINGS SHALL BE APPROVED BY THE COUNCIL ON THE RECOMMENDATION OF THE GOVERNING BOARD.

(B) STATES PARTIES SHALL MAKE EVERY REASONABLE EFFORT TO SUPPORT APPLICATIONS BY THE ENTERPRISE FOR LOANS IN CAPITAL MARKETS AND FROM INTERNATIONAL FINANCIAL INSTITUTIONS.

(C) THE ENTERPRISE SHALL BE ASSURED OF THE FUNDS
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NECESSARY TO EXPLORE AND EXPLOIT ITS FIRST MINE SITE ON ITS OWN AND TO MEET ITS INITIAL ADMINISTRATIVE EXPENSES, TO THE EXTENT THAT SUCH FUNDS ARE NOT COVERED BY THE OTHER FUNDS REFERRED TO IN PARAGRAPH 10 ABOVE. DEBTS INCURRED BY THE ENTERPRISE TO THIS END SHALL BE GUARANTEED BY ALL STATES PARTIES IN ACCORDANCE WITH

THE SCALE REFERRED TO IN SUBPARAGRAPH (VI) OF PARAGRAPH (2) OF ARTICLE 158. TO THE EXTENT NECESSARY FOR SECURING SUCH LOANS, STATES PARTIES UNDERTAKE TO ADVANCE AS REFUNDABLE PAID-IN CAPITAL, UP TO ONE-THIRD OF THE LIABILITY WHICH THEY WILL HAVE INCURRED UNDER THIS SUBPARAGRAPH. IN LIEU OF DEBT GUARANTEE, A STATE PARTY MAY MAKE A VOLUNTARY CONTRIBUTION TO THE ENTERPRISE, OF AN AMOUNT EQUIVALENT TO THAT PORTION OF THE DEBTS WHICH IT WOULD OTHERWISE BE LIABLE TO GUARANTEE.

PARAGRAPH 10 (TER)

THE FUNDS AND ASSETS OF THE ENTERPRISE SHALL BE KEPT SEPARATE AND APART FROM THOSE OF THE AUTHORITY. THE PROVISIONS OF PARAGRAPHS 10, 10 (BIS) AND OF THIS UNCLASSIFIED

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PARAGRAPH SHALL NOT PREVENT THE ENTERPRISE FROM MAKING ARRANGEMENTS WITH THE AUTHORITY REGARDING FACILITIES, PERSONNEL AND SERVICES AND ARRANGEMENTS FOR REIMBURSEMENT OF ADMINISTRATIVE EXPENSES PAID IN THE FIRST INSTANCE BY EITHER ORGANIZATION ON BEHALF OF THE OTHER. RICHARDSON

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